

Senate Study Bill 1021

SENATE/HOUSE FILE _____
BY (PROPOSED ATTORNEY
GENERAL BILL)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to the consumer credit code by increasing dollar
2 amount limitations for transactions governed by the consumer
3 credit code and providing for periodic adjustment of those
4 amounts pursuant to changes in the consumer price index, and
5 establishing an exemption from the definition of a consumer
6 loan for specified debts secured by real property.
7 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
8 TLSB 1367DP 83
9 rn/nh/5

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1 1 Section 1. Section 537.1301, subsection 13, paragraph a,
1 2 subparagraph (5), Code 2009, is amended to read as follows:
1 3 (5) With respect to a sale of goods or services, the
1 4 amount financed does not exceed ~~twenty-five~~ seventy-five
1 5 thousand dollars, adjusted periodically to reflect changes in
1 6 the consumer price index as provided in section 537.1304.
1 7 Sec. 2. Section 537.1301, subsection 14, paragraph a,
1 8 subparagraph (4), Code 2009, is amended to read as follows:
1 9 (4) The amount payable under the lease does not exceed
1 10 ~~twenty-five~~ seventy-five thousand dollars, adjusted
1 11 periodically to reflect changes in the consumer price index as
1 12 provided in section 537.1304.
1 13 Sec. 3. Section 537.1301, subsection 15, paragraph a,
1 14 subparagraph (5), Code 2009, is amended to read as follows:
1 15 (5) The amount financed does not exceed ~~twenty-five~~
1 16 seventy-five thousand dollars, adjusted periodically to
1 17 reflect changes in the consumer price index as provided in
1 18 section 537.1304.
1 19 Sec. 4. Section 537.1301, subsection 15, paragraph b, Code
1 20 2009, is amended by adding the following new subparagraph:
1 21 NEW SUBPARAGRAPH. (5) A debt which is secured by a lien
1 22 on real property with an amount financed that exceeds
1 23 twenty-five thousand dollars.
1 24 Sec. 5. NEW SECTION. 537.1304 DEFINED TERMS == CONSUMER
1 25 PRICE INDEX ADJUSTMENTS.
1 26 1. The designated dollar amounts specified in section
1 27 537.1301, subsections 13 through 15, in relation to consumer
1 28 credit sales, consumer leases, and consumer loans with regard
1 29 to amounts financed or leased, and in section 537.3604,
1 30 subsection 8, with regard to the amount payable under a
1 31 consumer rental purchase agreement, shall be subject to
1 32 periodic adjustment as provided in this section according to
1 33 and to the extent of changes in the consumer price index for
1 34 urban wage earners and clerical workers, United States city
1 35 average, all items, 1967=100, as published in the federal
2 1 register by the federal department of labor, bureau of labor
2 2 statistics, and hereafter referred to as the index. The index
2 3 for December of 1976 shall serve as the reference base index
2 4 for purposes of this section.
2 5 2. The designated dollar amounts shall change on the first
2 6 day of July in each even-numbered year if the percentage of
2 7 change, calculated to the nearest whole percentage point,
2 8 between the index at the end of the preceding year and the
2 9 reference base index is ten percent or more, but the portion
2 10 of the percentage change in the index in excess of a multiple
2 11 of ten percent shall be disregarded and the dollar amounts
2 12 shall change only in multiples of ten percent of the amounts
2 13 designated in the applicable sections.
2 14 3. If the index is revised, the percentage of change
2 15 pursuant to this section shall be calculated on the basis of

2 16 the revised index. If a revision of the index changes the
2 17 reference base index, a revised reference base index shall be
2 18 determined by multiplying the reference base index then
2 19 applicable by the rebasing factor furnished by the bureau of
2 20 labor statistics. If the index is superseded, the index
2 21 referred to in this section shall be the one represented by
2 22 the bureau of labor statistics as reflecting most accurately
2 23 changes in the purchasing power of the dollar for consumers.

2 24 4. The administrator, as defined in section 537.6103,
2 25 shall publish a notice of the amount of the change in the Iowa
2 26 administrative bulletin on or before the thirtieth day of
2 27 April of each year in which dollar amounts are to change as
2 28 required pursuant to subsection 2. Within thirty days after
2 29 the changes occur, the administrator shall publish changes in
2 30 the index required pursuant to subsection 3, including, if
2 31 applicable, the numerical equivalent of the reference base
2 32 index under a revised reference base index and the designation
2 33 or title of any index superseding the index.

2 34 Sec. 6. Section 537.3604, subsection 8, paragraph e, Code
2 35 2009, is amended to read as follows:

3 1 e. The amount payable under the consumer rental purchase
3 2 agreement does not exceed ~~twenty-five~~ seventy-five thousand
3 3 dollars, adjusted periodically to reflect changes in the
3 4 consumer price index as provided in section 537.1304.

3 5 EXPLANATION

3 6 This bill provides for increases in dollar amount
3 7 limitations specified in certain sections of the consumer
3 8 credit code, and also provides for periodic adjustment of
3 9 those limitations pursuant to changes in the consumer price
3 10 index.

3 11 The increases relate to limitations contained in Code
3 12 sections concerning consumer credit sales, consumer leases,
3 13 and consumer loans with regard to amounts financed or leased,
3 14 and regarding the amount payable under a consumer rental
3 15 purchase agreement, with an increase in the limitations from
3 16 currently specified levels of \$25,000 to \$75,000.

3 17 The bill additionally provides that these dollar amounts
3 18 shall be subject to periodic adjustment according to and to
3 19 the extent of changes in the consumer price index for all
3 20 urban consumers, United States city average, as published in
3 21 the federal register by the federal department of labor,
3 22 bureau of labor statistics, pursuant to a formula specified in
3 23 the bill. The bill provides for published notice of the
3 24 changes.

3 25 Further, the bill establishes an additional exemption from
3 26 the definition of "consumer loan" applicable to the consumer
3 27 credit code contained in Code chapter 537, providing that a
3 28 consumer loan does not include a debt secured by a lien on
3 29 real property with an amount financed in excess of \$25,000.

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